Section 3.2 Appendix B

File in:

Confidential
Shelf
Expandable
Refer to Record No 043 Date 5/6 2008
In Co 7005, 5008, Jaconing
For additional information



Canyon Fuel Company, LLC Skyline Mine Attn: Mr. Gregg Galecki

Re: Marion Energy Proposed Pipeline ROW

Dear Mr. Galecki,

After meeting with Mr. Carl Winters and Mr. GreggGalecki at the Skyline Mine on Monday March 31, 2008, I am writing to you with the information that they requested. As proposed to the Arch Coal Company on December 10, 2007, Marion Energy proposes to do the following:

Marion Energy would like to run a 16-inch Gas Line and a 16 inch water line across the property of the Skyline Mine Load Out facility. Marion Energy is the current operator of the Clear Creek Federal Unit. Our proposed water and gas line fall inside the Clear Creek Federal Unit and will be crossing around 1186.30 feet of the property owned by the Skyline Mine. We will be using the gas and water lines to run produced gas and water from our wells in the Northern half of the Clear Creek Federal Unit to the Questar sales line. We expect the construction process not to take more than a few weeks. Marion Energy agrees to stay outside of the blue stakes that marks the disturbed area of the Skyline Mine load out facility.

Below is a list contact list for Marion Energy:

Clear Creek Field Supervisor:

Mr. Eric Norton

Cell: 435-820-2304

E-mail: enorton@marionenergy.com

Vice President of Land:

Mr. Keri Clarke

Phone: 972-540-2967 ext 3003

Cell: 214-704-4377

E-mail: kclarke@marionenergy.com

Vice President of Operations:

Mr. Doug Endsley

Phone: 505-564-8005

E-mail: dendsley@marionenergy.com



Landman:

Mr. Scott Jacoby

Phone: 972-540-2967 ext 3008

Cell: 817-937-6931

E-mail: siacoby@marionenergy.com

Please do not hesitate to contact me if you have any further questions.

Sincerely,

Scott Jacoby
Landman

Marion Energy 119 S. Tennessee McKinney, TX 75069

Phone: 972-540-2967 ext 3008

Cell: 817-937-6931

E-mail: sjacoby@marionenergy.com

